

08-07-09

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----

HAWAIIAN ELECTRIC COMPANY, INC.
HAWAII ELECTRIC LIGHT COMPANY, INC.
MAUI ELECTRIC COMPANY, LIMITED

For Approval of the Advanced Metering Infrastructure (AMI) Project and Request To Commit Capital Funds, to Defer and Amortize Software Development Costs, To Begin Installation of Meters and Implement Time-of-Use Rates, for Approval of Accounting and Ratemaking Treatment, and Other Matters

Docket No. 2008-0303

PUBLIC UTILITIES
COMMISSION

2009 AUG -7 P 3:51

FILE

HAWAII RENEWABLE ENERGY ALLIANCE AND HAWAII SOLAR ENERGY ASSOCIATION

INFORMATION REQUESTS

ON THE

DIRECT TESTIMONY

OF THE

HAWAIIAN ELECTRIC COMPANY, INC.

AND

CERTIFICATE OF SERVICE

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HAWAII RENEWABLE ENERGY ALLIANCE AND HAWAII SOLAR ENERGY ASSOCIATION

INFORMATION REQUESTS

ON THE

DIRECT TESTIMONY

OF THE

HAWAIIAN ELECTRIC COMPANY, INC.

In accordance with schedule for the instant docket as approved by the Commission in its *Order Approving Stipulated Procedural Order, as Modified*, filed on April 21, 2009, the Hawaii Renewable Energy Alliance ("HREA") and Hawaii Solar Energy Association ("HSEA") respectfully offers their joint Information Requests to the Hawaiian Electric Company, the Hawaii Electric Light Company, Inc., and the Maui Electric Company, Limited (collectively the "HECO Companies") on the Hawaii Electric Companies' Direct Testimony on the Advanced Metering Infrastructure Project, filed on July 30, 31, 2009.

HREA and HSEA respectfully submits the following information requests ("IRs"), which are segregated into seven groupings, one each for each of the HECO Companies seven witnesses.

HECO T-1. Testimony of Leon R. Roose on AMI Business Policy

HREA-HSEA/HECO-IR-1. Referencing page 2, lines 3 to 5 of HECO T-1, HREA and HSEA understands that one key objective of HECO's proposed AMI project is to capture "fundamental improvements in labor intensive processes..." We understand that there will be "head count" reductions in meter reading and field services. Will there be other workforce reductions?

HREA-HSEA/HECO-IR-2. Referencing page 2, lines 3 to 17 of HECO T-1 and cost-benefit analysis presented in HECO T-3, HREA and HSEA understand that the: (i) non-discounted cost-benefit ratios for the implementation of the AMI Project are estimated to be 1.0 to 1.42, and (ii) HECO Companies anticipate up to 20 years to payback the projected costs of \$115M. We observe: (i) given the anticipated 15 to 20 year service lifetime of smart meters and other AMI elements, the AMI Project cost proposal would NOT appear to be conservative, and (ii) in reality, the benefits/costs will require a number of AMI-enabled measures, such as demand response, in order to provide true benefits to the ratepayer. Agree or disagree?

HREA-HSEA/HECO-IR-3. Referencing page 4, lines 10 to 13 of HECO T-1, how long a period will the installation of smart meters to be on a "first-come, first-served basis?" And how long will there be an "optional" period for implementing TOU rates by request? At what point do the installation of smart meters and implementation of TOU rates become mandatory? Finally, will HECO exempt customers from TOU tariffs if they are not able to modify their usage pattern?

HREA-HSEA/HECO-IR-4. Referencing page 4, lines 14 to 19 of HECO T-1, it appears to HREA and HSEA that the HECO Companies have determined that all customers are to be on TOU rates, and perhaps residential customers on both TOU and inclining block rates. Is this correct? Or will the HECO Companies conduct additional pilot projects on both TOU and inclining blocks, and make decisions moving forward based on actual experience of demand

and energy savings within individual customer classes? Finally, how will this effort be coordinated with the Public Benefits Fund Administrator?

HREA-HSEA/HECO-IR-5. Referencing page 5, lines 3 to 11 of HECO T-1, it appears to HREA and HSEA that the selection of Sensus Metering Systems, Inc. was essentially a "sole source" procurement, as Sensus was the only vendor capable of meeting the HECO Companies' requirements for a two-way wireless (non-mesh, RF) network and a meter data management system. Is this correct? Has that situation changed, i.e., are there more vendors that could meeting the HECO Companies' requirements now?

HREA-HSEA/HECO-IR-6. Referencing page 6, lines 5 to 8 of HECO T-1, please explain how AMI will help "support the integration of increased levels of renewables and distributed energy sources into the Companies' grids." Also, please defined "distributed energy sources."

HREA-HSEA/HECO-IR-7. Referencing page 6, lines 14 to 16 of HECO T-1, please clarify the "ability of the AMI Network to provide grid-control functions?" Specifically, would grid-control functions include load management measures such as turning loads "off and on" for peak shaving and/or frequency regulation? If so, have the HECO Companies quantified the amount of load reduction and frequency regulation that might be achievable on each island gird? If not, when could this analysis be completed? Please explain.

HREA-HSEA/HECO-IR-8. Referencing page 7, lines 4 to 15 of HECO T-1, HREA and HSEA understand the responsibility for electrical energy efficiency savings in support of our state's energy goals will be shared with the Public Benefits Fund ("PBF") Administrator. Please describe how this responsibility is to be shared, and specifically how much of the 4,300 GWh or electricity use reductions can be achieve from the HECO Companies' efforts versus the PBF Administrator.

HREA-HSEA/HECO-IR-9. Referencing page 8, lines 13 to line 9 of page 9 of HECO T-1, what is the timeline for "development of the Smart Grid Roadmap?" Given that this activity may take one or two or more years, is it prudent to proceed with the \$115M of request activity in

advance of the roadmap? Please explain. For example, would it not be more prudent to proceed with pilot programs to test certain key potential aspects of the Smart Grid first, then adjust the implementation according to the recommendations of the Roadmap activity?

HECO T-2. Testimony of Paul Fetherland on the AMI Project

HREA-HSEA/HECO-IR-10. Referencing page 7, lines 4 to 15 of HECO T-2, HREA and HSEA understand that AMI is the foundation for the Smart Grid. However, we are concerned about the prudence of the rapid deployment of AMI per the HECO Companies' proposal. Please clarify the HECO Companies' overall approach, as it appears to us that once the infrastructure is in place it will have a 15 to 20 year lifetime, and we question whether it is wise to agree to a \$102M investment now rather than waiting the one or two years it will take to develop the Smart Grid Roadmap, as proposed by the HECO Companies.

HREA-HSEA/HECO-IR-11. Referencing page 15, lines 3 to 6 of HECO T-2, have the HECO Companies estimated the amount of federal ARRA funding that might be available and for what aspects of the AMI Project? What is the timeline for applying for ARRA funding?

HREA-HSEA/HECO-IR-12. Referencing page 17, lines 14 to 16 of HECO T-2, HREA and HSEA agree that AMI Technology is evolving at a rapid pace and we understand that standards-making activities are underway. Will the HECO Companies participate in AMI-related standards-making activities, and how will learning from these activities be used to inform the AMI Project in Hawaii?

HECO T-3. Testimony of Tanye Sekimura on Need for Accelerated Cost Recovery

None.

HECO T-4. Testimony of Steve McMenamin on Integration of MDMS and CIS

None.

HECO T-5. Testimony of Patsy Nambu on Accounting and Ratemaking Treatment

HREA-HSEA-IR-13. Referencing page 3 of 19, lines 18 to 23 of HECO T-5, which of the HECO Companies' initiatives of the October 20, 2008 Energy Agreement will be further facilitated by the cost savings associated with accelerated cost recovery on new AMI meters?

HECO T-6. Testimony of Tanye Sekimura on Need for Accelerated Cost Recovery

None.

HECO T-7. Testimony of Peter C. Young on Time-of-Use Rates

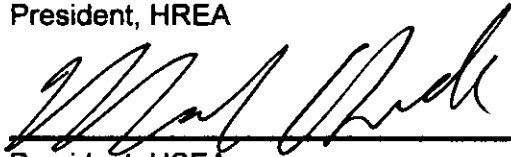
HREA-HSEA-IR-14. Referencing page 2, lines 10 to 22 of HECO T-7, does HECO have evidence regarding the relative savings (or other advantages) associated with the expected load balancing from the proposed TOU-R structure with two rate periods (*i.e.*, a TOU-R structure in which load is shifted in part into near peak loading) vs. the one with three periods (from test cases HELCO 2006, HECO 2007, MECO 2007)? If so, what is the differential? And, what is the primary source of any differential that may exist?

HREA-HSEA-IR-15. Referencing page 8, lines 1 to 7 of HECO T-7, can the HECO Companies clarify their comments with respect to TOU as it intersects with Net Energy Metering, Feed-in Tariff and PV Host. Specifically, are the HECO Companies positing: (a) that time of delivery rates will be addressed in these other dockets, or (b) are they positing that they do not expect time of delivery rates to be addressed at all?

HREA-HSEA-IR-16. Referencing page 9, line 19 to page 10, line 2 of HECO T-7, HREA and HSEA understand HECO Companies concern that allowing commercial customers to opt out of the TOU system leads to weakened price signals and resultant "less efficient" energy consumption. What is the argument for not applying mandatory TOU across all rates classes?



President, HREA



President, HSEA

CERTIFICATE OF SERVICE

The foregoing HREA-HSEA IRs were served on the date of filing by Hand Delivery or electronically transmitted to each such Party as follows.

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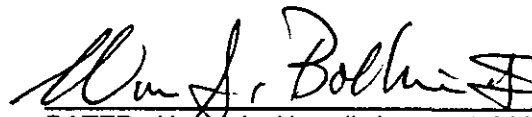
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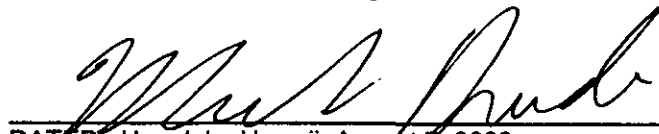
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